

MARK L. SHURTLEFF (#4666)
UTAH ATTORNEY GENERAL
Emily E. Lewis (#13281)
Steven F. Alder (#0033)
Assistant Attorneys General
Attorneys for the Division of Oil, Gas and Mining
1594 West North Temple, #300
SALT LAKE CITY UT 84116
Telephone (801) 538-7227

FILED

SEP 29 2011

SECRETARY, BOARD OF
OIL, GAS & MINING

BEFORE THE BOARD OF OIL, GAS AND MINING
DEPARTMENT OF NATURAL RESOURCES
STATE OF UTAH

IN THE MATTER OF THE REQUEST :	
FOR AGENCY ACTION OF THE UTAH :	
DIVISION OF OIL, GAS AND MINING :	
FOR A CESSATION ORDER AND CIVIL :	ORDER OF CONTINUANCE
PENALTIES AGAINST MONTEZUMA :	
WELL SERVICES, INC., AND EARL :	Docket No. 2009-015
MARTINEZ, OWNER AND OPERATOR :	
OF THE MONTEZUMA CREEK WASTE :	Cause No. WD-04-2009
DISPOSAL FACILITY, SECTION 14, T :	
40 SO., R. 22 EAST, SAN JAUN :	
COUNTY, UTAH. :	

The forgoing Request for Agency Action (RAA) filed by the Division of Oil, Gas and Mining (Division), seeking a Cessation Order and civil penalties against Montezuma Well Services, Inc. (Montezuma) and Earl Martinez individually, came for hearing before the Utah Board of Oil, Gas and Mining (Board) on August 24, 2011.

Pursuant to an Order of Continuance entered on August 27, 2010 and a Stipulation between the Division and Montezuma entered on August 25, 2010 (2010 Stipulation) Brad Hill and Bart Kettle reported to the Board on behalf of the Division. The Division was represented by Emily E. Lewis, Assistant Attorney General. The Board

was represented by Fred J. Donaldson, Assistant Attorney General. Earl Martinez appeared for himself and for Montezuma Well Services, Inc. (delete). Board members James T. Jensen, Chair, Kelly L. Payne, Ruland Gill, Jake Y. Harouny, Chris D. Hansen, Carl F. Kendall were present. Board Member Jean Semborski excused herself from the matter.

On August 27, 2010 the Board ordered the RAA continued until the August 2011 Board Hearing.

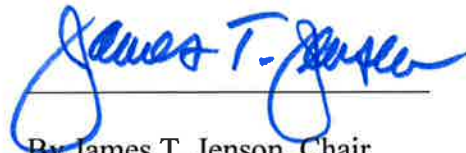
The Division representatives stated Montezuma had complied with the conditions of the Stipulation. Earl Martinez gave statements on behalf of Montezuma and himself describing the actions Montezuma had taken to comply with the Stipulation. Additionally, the Division Representatives informed the Board the Division had been working with Montezuma and Earl Martinez to increase the pace and scale of remediation by expanding operations into new cells 7, 8, 9, 10, and 11. These new operations also addressed remediation of historic oil burning pits located on the Northeast corner of the facility. Mr. Hill indicated the Division would modify the 2010 Stipulation to account for these new activities. The Division requested the matter be continued until the August 2012 hearing to allow Montezuma and Earl Martinez to continue remediation operations at the Montezuma facility.

Therefore upon Motion of the Division and being fully advised, the hearing of the Division's Request for Agency Action is continued for a period of one year in accordance with the terms of the modified Stipulation (2011 Stipulation) attached hereto. The parties are to comply with the terms of the 2011 Stipulation and to report to the Board at the August 2012 Hearing, provided that in the event of the failure of the parties to abide by

the terms of the 2011 Stipulation the matter may be scheduled for an evidentiary hearing of the RAA at any time upon 15 days prior notice.

Dated this 20th of September, 2011.

Board of Oil, Gas and Mining



By James T. Jenson, Chair

CERTIFICATE OF SERVICE

I hereby certify that I caused a true and correct copy of the foregoing ORDER OF CONTINUANCE for Docket No. 2009-015, Cause No. WD-04-2009 to be mailed with postage prepaid, this 9th day of ~~September~~^{October}, 2011, to the following:

Steven F. Alder
Emily E. Lewis
Assistant Attorney General
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 300
Salt Lake City, UT 84116
[Via Email]

Earl Martinez
Personally and as President
Montezuma Well Services, Inc.
PO Box 540
Montezuma Creek UT 84534

Michael S. Johnson
Assistant Attorney General
Utah Board of Oil, Gas and Mining
1594 West North Temple, Suite 300
Salt Lake City, UT 84116
[Via Email]

Chris Fausett
Trust Lands Resource Specialist
SITLA
675 East 500 South, Suite 500
Salt Lake City, UT 84102

Ernestine Chief
Montezuma Well Services, Inc.
PO Box 540
Montezuma Creek, UT 84534

Sonja Wallace
Trust Lands Resource Specialist
SITLA
675 East 500 South, Suite 500
Salt Lake City, UT 84102



2011 STIPULATION

The Utah Division of Oil, Gas and Mining ("the Division"), and Montezuma Well Services, Inc./Earl Martinez ("Montezuma") agrees as follows:

1. Montezuma is the operator (eff. September 1, 1992) of an Exploration and Production ("E & P") waste disposal facility ("the Facility") located east of Blanding, Utah; the Facility consists of three evaporative pits ("Pit's A, B, & C"), and a Land Farm/Cell's 1-11 ("the Land Farm") that was permitted for the clean-up of Pit A & pre-existing Oil Burning Pit's ("the Pit's"); the Pit's contain E & P solid & semi-solid waste material ("the material").

2. There is pending before the Utah Board of Oil, Gas and Mining ("the Board") a formal adjudication filed by the Division seeking an order from the Board to compel Montezuma to comply with a Division Order dated May 7, 2008 (copy attached as Exhibit A), or in the alternative authorizing the Division to take any necessary action to reclaim the Facility and recover the costs of clean-up from Montezuma including taking legal action to pursue civil penalties against Montezuma.

3. Montezuma has made good faith efforts to comply with the Divisions' requests, has met scheduled deadlines outlined under the original "2010" Stipulation dated 8/25/10, and is working toward completing the clean-up of Pit A & Oil Burning Pit's.

4. In order to facilitate continued clean-up efforts by Montezuma and without waiving any of the requirements of the Division Order or the right to seek the full relief as requested from the Board, the Division and Montezuma propose the following plan for future remediation of the Facility subject to the Boards' approval.

- a. Montezuma will continue to accelerate the work on the Land Farm by:
 - (i) Providing dedicated equipment and employees to work at the Land Farm and will till the material in the Land Farm at least weekly.
 - (ii) Coordinating with the Division to establish methods, procedures and practices that maximize the efficiency and effectiveness of the Land Farm toward cleaning the material to meet Division standards and allow for additional material to be placed in the Land Farm.
- b. Montezuma will continue to be permitted to accept shipments of E & P waste water from oil field operations into Pit B in an amount up to 50 % of the depth of the pit (4' deep), provided Montezuma meets the following conditions:
 - (i) Montezuma will continue to pay into an existing Cash/Business Savings Account (Wells Fargo Bank, No. 0361028509, eff. 1/12/99) established with the Division, a sum of not less than \$0.25 per barrel of E & P waste water received into Pit B to be held as part of the required bond for reclamation of the Facility with payment due within 10 days of the end of each month.
 - (ii) Montezuma will continue to accelerate the removal of the material from Pit A & Oil Burning Pit's to the Land Farm and will fill the Land Farm to

RECEIVED

SEP 21 2011

DIV. OF OIL, GAS & MINING

its' maximum capacity, and thereafter will continue to remove the material from Pit A & Oil Burning Pit's to the Land Farm to the full extent of its' capacity as determined by the Division.

(iii) The right to continue to accept E & P waste water for disposal into Pit B will be dependent upon the continuing operation of the Land Farm as required by part 4(a) of this 2011 Stipulation.

(iv) Upon construction of the Facility "secondary containment" structure approved by the Division, Montezuma may continue to accept E & P waste water into Pit B up to the approved capacity of the pit (82,058 barrels) subject to the continued compliance with the other provisions of this 2011 Stipulation.

(c) Montezuma will continue to provide monthly reports no later than the tenth day of each month outlining the amount of material removed from Pit A & Oil Burning Pit's to the Land Farm, Land Farm tilling dates, Land Farm soils testing dates and provide copies of testing results, volume of E & P waste water received into Pit B and provide a deposit slip of the amount paid into the existing Wells Fargo Bank, Cash/Business Savings Account No. 0361028509, and any other information as required by the Division to evaluate the success of the clean-up operation and compliance with this 2011 Stipulation.

(d) The Division will continue increased oversight and inspections of the Facility and will continue to work with Montezuma to provide technical assistance as needed.

5. So long as Montezuma complies with the requirements of paragraph 4 above, the Divisions' Request for Agency Action, Docket No. 2009-015, Cause No. WD-04-2009, filed with the Board on July 13, 2009 (copy attached as Exhibit B) will be continued for one year; Order's to Continue Hearing were previously issued by the Board on 8/24/09, 9/16/09, 12/8/09 & 8/27/10 (copies attached as Exhibit C). At the end of the year, the Board will review the progress of Montezuma toward compliance with the Division Order and this 2011 Stipulation.

6. This agreement does not modify the requirement for Montezuma to comply with the full requirements of the Division Order including the requirement to provide new lining and full bonding prior to the re-use of Pit's A & C.



Montezuma Well Services, Inc.
Earl Martinez, President

9/16/2011
Date



Division of Oil, Gas and Mining
John Rogers, Associate Director, Oil & Gas

9/14/2011
Date



8735 9824 2296

FedEx Tracking Number

FedEx Retrieval Copy

0200

Form ID No

1 From

Date 9-19-2001

Sender's FedEx Account Number 260621360

Sender's Name Eric Martine

Phone 970 949-1840

Company Montezuma Well Service Inc.

Address P.O. Box 540

City Montezuma Creek State UT ZIP 84534

Days/Hours/Week

2 Your Internal Billing Reference

3 To

Recipient's Name Jean Sweet

Phone 501 534-5329

Company Division of Oil Gas & Minerals

Address 1594 West North Temple

Days/Hours/Week

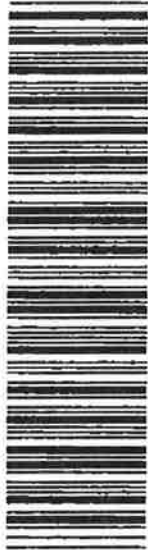
We cannot deliver to P.O. boxes or P.O. ZIP codes.

Address Suite 1210

Days/Hours/Week

Use this line for the HOLD location address or for continuation of your shipping address.

City Salt Lake City State UT ZIP 84116



8735 9824 2296

4a Express Package Service

FedEx Priority Overnight 05 ☐ FedEx Standard Overnight 06 ☐ FedEx First Overnight 06 ☐ Packages up to 150 lbs. Earliest next business morning delivery in select locations.

FedEx 2Day 20 ☐ FedEx Express Saver 20 ☐ Second business day. Thursday shipments will be delivered on Monday unless SATURDAY Delivery is selected. Third business day. Saturday Delivery NOT available.

4b Express Freight Service

FedEx 1Day Freight 70 ☐ FedEx 2Day Freight 80 ☐ FedEx 3Day Freight 83 ☐ Packages over 150 lbs. Next business day. Friday shipments will be delivered on Saturday unless SATURDAY Delivery is selected. Third business day. Saturday Delivery NOT available.

5 Packaging

FedEx Envelope* 02 ☐ FedEx Pak* 03 ☐ FedEx Box 04 ☐ FedEx Tube 01 ☐ Other 01 ☐ Includes FedEx Small Pak and FedEx Large Pak. *Declared value limit \$500.

6 Special Handling and Delivery Signature Options

SATURDAY DELIVERY

No Signature Required 10 ☐ Direct Signature 34 ☐ Indirect Signature 34 ☐ Signature required for delivery. Signature may be left without obtaining a signature for delivery. No one is available at recipient's address, someone at a neighboring address may sign for delivery, for residential deliveries only. Free applicator.

Does this shipment contain dangerous goods?

One box must be checked. Yes ☐ No 04 ☐ Shipper's Declaration 06 ☐ Dry Ice 06 ☐ Cargo Aircraft Only ☐ Dangerous goods (including dry ice) cannot be shipped in FedEx packaging or placed in a FedEx Express Drop Box.

7 Payment Bill to:

Sender's Account Section 2 ☐ Recipient 3 ☐ Third Party 4 ☐ Credit Card 5 ☐ Cash/Check 5 ☐ Obtain receipt. Acct. No.

Total Packages Total Weight

Credit Card Auth

Your liability is limited to \$100 unless you declare a higher value. See the current FedEx Services Guide for details.

606